



STOLL · KEENON · OGDEN
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LINDSEY W. INGRAM III
Direct Dial: 859-231-3982
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August 14, 2006

VIA HAND DELIVERY

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Case No. 2006-00154

RECEIVED

AUG 14 2006

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell:

Enclosed please find for filing Kentucky-American Water Company's responses to the Commission Staff's June 27, 2006 Interrogatories and Requests for Documents.

Very truly yours,

STOLL KEENON OGDEN PLLC

By

Lindsey W. Ingram III

Enclosures

LEX 010311/003026/3452944.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 14 2006

PUBLIC SERVICE
COMMISSION

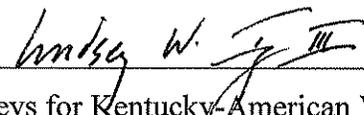
IN THE MATTER OF:

TARIFF FILING OF KENTUCKY-)
AMERICAN WATER COMPANY) CASE NO. 2006-00154
TO REVISE THE KENTUCKY RIVER)
AUTHORITY WITHDRAWAL FEE)

NOTICE OF FILING

Notice is hereby given that Kentucky-American Water Company files herewith its responses to the Commission Staff's Interrogatories and Requests for Productions of Documents dated June 27, 2006.

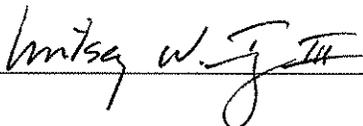
LINDSEY W. INGRAM, JR.
LINDSEY W. INGRAM III
STOLL KEENON OGDEN PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801

BY: 
Attorneys for Kentucky-American Water Company

CERTIFICATE OF SERVICE

This is to certify that the original and eight (8) copies of the hereinbefore described information has been filed with the Public Service Commission and a copy mailed, postage prepaid, on this the 14th day of August, 2006, to David J. Barberie, Esq., Lexington-Fayette Urban County Government, Department of Law, 200 East Main Street, Lexington, Kentucky 40507, and David Edward Spenard, Esq., Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.

STOLL KEENON OGDEN PLLC

By 

RECEIVED

AUG 14 2006

PUBLIC SERVICE
COMMISSION

RECEIVED

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1 – 13

AUG 14 2006

PUBLIC SERVICE
COMMISSION

Witness Responsible:

Michael A. Miller/Dillard Griffin

1. Refer to Kentucky–American’s Response to the Commission’s Order of May 1, 2006, Item 1. Describe how Kentucky-American projected “Permit 200 Withdrawal – KRS Low Service Pumpage” for the year ending December 31, 2006.

Response:

The projected “Permit 200 Withdrawal – KRS Low Service Pumpage” for the year ending December 31, 2006, is the forecasted pumpage in 2006 for the Intake and 2nd Lift Pump developed from the budget process of determining the units of sales (gallons) then applying the reasonable projection of non-revenue usage to arrive at total pumpage. Historical average ratios are then used to estimate the pumpage breakdown between the Kentucky River (permit 200) and the Jacobson Reservoir watershed (permit 201).

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1 – 13

Witness Responsible:

Michael A. Miller/Dillard Griffin

2. Provide Kentucky-American's "Permit 200 Withdrawal – KRS Low Service Pumpage" for each year since December 31, 2001.

Response:

The Permit 200 Withdrawal does not equal the KRS Low Service Pumpage. The Permit 200 Withdrawal from the Kentucky River includes all of the KRS Low Service Pumpage and also water transferred from the Kentucky River to the Jacobson Reservoir watershed.

(In million gallons)

2002 - 16,484.136

2003 – 15,396.750

2004 – 13,550.970

2005 – 14,819.090

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1 – 13

Witness Responsible:

Michael A. Miller/Dillard Griffin

3. Refer to Kentucky-American's Response to the Commission's Order of May 1, 2006, Item 1. Describe how Kentucky-American projected "Transfer Pumpage to Watershed" for the year ending December 31, 2006.

Response:

The projected "Transfer Pumpage to Watershed" for the year ending December 31, 2006, is the forecasted pumpage in 2006 from the Kentucky River Station to the #4 Pump or reservoir which transfers that raw water to the Richmond Road Plant or Jacobson Reservoir. The budget for this item is based on the overall units of production associated with water sales projections with the breakdown of the various components of raw water being based on reasonable expectations developed from historical ratios. Also see response to PSC 2, question 1.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1 – 13

Witness Responsible:

Michael A. Miller/Dillard Griffin

4. Provide Kentucky-American's "Transfer Pumpage to Watershed" for each year since December 31, 2001.

Response:

(In million gallons)

2002 – 4,470.436

2003 – 4,354.880

2004 – 2,033.710

2005 – 3,321.770

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1-13

Witness Responsible:

Michael A. Miller/Dillard Griffin

5. Refer to Kentucky-American's Response to the Commission's Order of May 1, 2006, Item 1. Describe how Kentucky-American projected "permit 201 – RRS Low Service Pumpage" for the year ending December 31, 2006.

Response:

See response to PSC 2, question 1 for description of process for developing total low service pumpage. The amount of low service pumpage from the Richmond Road Station is based on historical ratios of the percentage of water required from the Richmond Road Station. Also see response to PSC 2, question 6.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1-13

Witness Responsible:

Michael A. Miller/Dillard Griffin

6. Provide Kentucky-American's "permit 201 – RRS Low Service Pumpage" for each year since December 31, 2001.

Response:

The Richmond Road Station has the capability of pulling water from either Jacobson Reservoir or Lake Ellerslie which comprise Permit 201. Also, water from the Kentucky River can be transferred directly to Richmond Road Station for treatment or it can be used to supplement the capacity of Jacobson Reservoir. These conditions constitute a Permit 200 Withdrawal. In those months where the water transferred from the Kentucky River exceeds the total withdrawal from Jacobson Reservoir, the Permit 201 figure is submitted to the KRA as a negative withdrawal.

(in million gallons)

2002 - (171.016)

2003 – (49.650)

2004 – 1,796.230

2005 – 1,558.750

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1-13

Witness Responsible:

Michael A. Miller/Dillard Griffin

7. Refer to Kentucky-American's Response to the Commission's Order of May 1, 2006, Item 1. Describe how Kentucky-American projected "transfer from KRS to Watershed" for the year ending December 31, 2006.

Response:

See response to PSC 2, question 3. This amount is the same as the transfer amount added to Permit 200. It is deducted from Permit 201 in order to avoid paying KRA fees for duplicate water pumped from the Kentucky River.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST No. 2
ITEMS 1-13**

Witness Responsible:

Michael A. Miller/Dillard Griffin

8. Provide Kentucky-American's "transfer from KRS to Watershed" for each year since December 31, 2001.

Response:

Please see response to PSC 2, question 4.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2006-00154
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 2
ITEMS 1-13

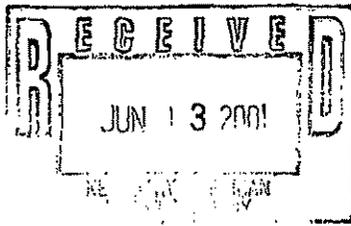
Witness Responsible:

Michael A. Miller/Dillard Griffin

9. Provide all correspondence and internal memoranda created since May 25, 2001 in which Kentucky-American discusses fees imposed by the Kentucky River Authority Withdrawal Fee or Kentucky River Authority Withdrawal Fee found in Kentucky-American's rate schedule.

Response:

See attached file – PSC DR 2 attachment 9.pdf.



STEPHEN REEDER
EXECUTIVE DIRECTOR

WM. NEAL CASSITY
CHAIRMAN

COMMONWEALTH OF KENTUCKY
KENTUCKY RIVER AUTHORITY
70 WILKINSON BOULEVARD
FRANKFORT, KENTUCKY 40601
OFFICE (502) 564-2866
FAX (502) 564-2681
KRA.state.ky.us

- R. Mundy
 - C. Bush
 - N. Rowe *cc 4/13*
 - H. Miller
 - D. Baker
 - B. Brown
 - P. McConathy
 - D. Whitehouse
 - D. Braxton
 - L. Bridwell
 - S. Stockton
 - L. Burns
 - D. Taylor
 - B. Siler
- Dillard*
- D. Gri
 - J. Rou
 - Comment
 - Return
 - File #
 - Discard

June 11, 2001

Mr. Roy Mundy
Kentucky American Water Company
2300 Richmond Road
Lexington, Ky. 40502

Dear Roy:

In response to your letter of May 31, 2001, I request that on future water use reports, you provide reports for the following: (1) gross withdrawals for the Kentucky River Intake, (2) gross withdrawals from Jacobson Reservoir, and (3) water transfers from the river intake to the reservoir. This will enable use to track the portion of river withdrawals necessary to supply the river treatment plant separate from those needed to supplement the reservoir drainage.

We will continue to deduct the river transfers to the reservoir from the reservoir withdrawals for fee computation purposes but will then have a clearer picture of the water uses throughout your system.

Please call if you have any questions or concerns on this issue.

Sincerely,

Stephen Reeder
Executive Director



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Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502
(859) 268-6320 • Fax (859) 268-6327

Roy W. Mundy II
President

May 31, 2001

Steve Reeder
Executive Director
Kentucky River Authority
70 Wilkinson Boulevard
Frankfort, KY 40601

Dear Steve:

By letter dated April 6, 2001, you inquired about the methodology used by Kentucky-American Water Company in computing fees paid to the Kentucky River Authority based on withdrawals out of the Kentucky River and the Company's Jacobson Reservoir Number 4. While there are in-plant uses, the computation referred to is based on understandings reached back in 1994 between the KRA and Kentucky-American. Copies of the 1994 correspondence with then-KRA Chairman Tom Dorman are attached.

Much of the raw water withdrawn out of Pool 9 is treated at our Kentucky River Station treatment plant and distributed directly to customers. Some of the raw water is sent to our Richmond Road plant for treatment and immediate distribution. An additional amount of raw water from the River is often sent to Number 4 Reservoir for storage, then later withdrawn and treated at the Richmond Road plant.

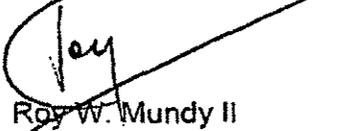
As a result, the amounts of water reflected on the "monthly operating report" may not match, on any given day, the amounts shown on the "withdrawal reports." The amounts reported on each Form are accurate for each particular day. The difference on any given day is the Reservoir storage factor.

The fees paid by Kentucky-American to the KRA are paid pursuant to the mechanism outlined in Tom Dorman's letter for July 1, 1994 through September 30, 1994.

Steve Reeder
May 31, 2001
Page 2

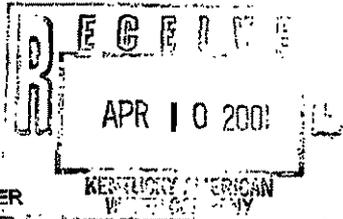
This is the methodology we have been authorized by the KRA since at least 1994. It appears that the procedure takes into account all of the water withdrawn from the Kentucky River and the Jacobson Reservoir subject to the appropriate fees. If we can be of assistance in explaining this in more detail, we would be happy to personally meet with you and your staff to examine the process. Kentucky-American supports the role of the Kentucky River Authority and wants to make sure we are paying all of the fees required by law.

Sincerely,



Roy W. Mundy II

Attachments



PAUL E. PATTON
GOVERNOR

STEPHEN REEDER
EXECUTIVE DIRECTOR

WM. NEAL CASSITY
CHAIRMAN

COMMONWEALTH OF KENTUCKY
KENTUCKY RIVER AUTHORITY
70 WILKINSON BOULEVARD
FRANKFORT, KENTUCKY 40601
OFFICE (502) 564-2866
FAX (502) 564-2681
KRA.state.ky.us

April 6, 2001

Mr. Roy Mundy
Kentucky American Water Company
2300 Richmond Road
Lexington, Ky. 40502

Dear Roy:

We are examining a re-write of the Authority's administrative regulations with regard to water use fees. These regulations were written prior to any practical experience in determination of quantities of water use and dealing with the special circumstances which exist for each water user. The current regulations state that water use shall be equal to the quantity of water withdrawn. The only special consideration to this provision is for "non-contact cooling water". We know that other special provisions for water use computation have been made, and feel it is time to formalize those provisions through the regulation process.

The general consensus of staff, for water use computations applying to potable water producers, is to base use on the quantity of water produced. These amounts would be consistent with the values provided on the "Monthly Operation Reports" to the Drinking Water Branch of the Kentucky Division of Water. We have compared values on these reports to those reported to us and the Water Resources Branch on quarterly "Withdrawal Reports", and find in most all cases that they are equal. Your company, however seems to adjust these values. Verbal explanations provided to me, indicate that your in-plant water uses (primarily for filter back-washing) is deducted from the gross water production values at each of your plants.

Please advise if our understanding of your water use computations are correct and if so, explain the basis or authorization by my predecessors for this exception.

Sincerely,

Stephen Reeder
Executive Director



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bcc: Nick Rowe
Herb Miller
Dillard Griffin



Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502
606-269-2386

EDENS	
BRAXTON	
BRIDWELL	
BRUMFIELD	
BUSH	
BIFFORD	
✓ GRIFFIN	✓
FRILEY	
HAMMACK	
LIST	
MEADOWS	
PROCTOR	
SPINGLETON	
✓ SLADE	✓
STARRS	
STEVENS	
✓ STOCKTON	✓
WHITE	
FILE	
COPY TO	
RETURN TO	

May 28, 1991

Leon Smothers
Division of Water
Frankfort Office
18 Reilly Road
Frankfort, KY 40601

Re: Water Withdrawal Permit

Dear Leon,

I wanted to thank you, Pam and Kathy for meeting with Susan and me on Friday, May 17th regarding the alternatives for our withdrawal permit #062 (transfer from Kentucky River Pool 9 to Reservoir #4). As Susan expressed, we are concerned with the wording, particularly "withdrawals must be reduced or cease altogether in order to comply" with a 7Q10 flow-by. We are very appreciative of your suggestion to enter into and reference in the permit language a Memorandum of Understanding with the Division that will require the implementation of appropriate Water Shortage Response Program phases as approved by the Division of Water in lieu of the present wording regarding ceasing withdrawal.

We are currently reviewing our Demand Management Plan and its Water Shortage Response Program. We will continue to reevaluate it after the release of the pending Aquatic Study.

We are also evaluating our minimum customer requirements, during extreme drought, based on our disaggregated customer usage data. Additionally, we will initiate a meeting with the P&C regarding conservation pricing and our Water Shortage Response Program.

Let me again express our appreciation to you for taking the time to discuss this matter with us. It is our intent to demonstrate responsible leadership in the Kentucky River resource management situation and we will look to the Division of Water for continued guidance as to maintaining that position.

Sincerely,

Linda Bridwell
Planning Engineer

LB:dm

c: Robert Edens
Susan Slade





THOMAS DORMAN
CHAIRMAN

BREBETON C. JONES
GOVERNOR

COMMONWEALTH OF KENTUCKY
KENTUCKY RIVER AUTHORITY
107 Mero Street
FRANKFORT KENTUCKY 40601
(502) 564-2184

Facility name: Kentucky-American Water Company

Contact person: Stan Stockton

Effective dates: July 1, 1994 through September 30, 1994

Pursuant to KRS 151.720, the Kentucky River Authority will assess fees for water use at the Tier I rate (\$0.028 per 1,000 gallons) for water withdrawn from Reservoir Number 4 (Jacobson) as authorized by water withdrawal permit number 201, less the amount of water transferred to the reservoir out of the Kentucky River.

In addition, the River Authority will assess fees for water use at the Tier I rate (\$0.028 per 1,000 gallons) and the Tier II rate (\$0.016 per 1,000 gallons) for water withdrawn from pool #9 of the Kentucky River, as authorized by water withdrawal permit number 200.

Water withdrawals shall be reported to the Authority no later than October 15, 1994.

Thank you for your cooperation.


Thomas M. Dorman, Chair

Rachel Cole



Rachel Cole
02/08/2005 12:36 PM

To: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
cc: Mike Miller
Subject: KRA withdrawal fees

Each year, this account should be analyzed to see if we are charging the correct rate for the water withdrawal fee. The fees are collected from customers on a monthly basis and credited to 120205.241998. The fees are remitted quarterly from the 120105.241998. The 4th quarter bill for 2004 has not been remitted at this point. The quarterly bill is approximately \$150,000.00.

The rate billed to the customer needs to be adjusted down so that the balance can be adjusted to a more reasonable amount. We have probably accumulated this balance over the past two years.

[09214] - TB by Object Account

Functions Options Tools Help

Object/Sub	241998	Thru Date/Period	12/12/03
Subledger	*	Company	00000
		Ledger Type	AA
		Scaling Factor	
		Cum/Period(C/P)	C

D	P	Account Number	L	D	Description	Balance
		120105.241998	9		Other Curr Liab Analy	787,365.10
		120205.241998	9		Other Curr Liab Analy	1,037,440.09-
					** TOTAL	250,074.99-
		.250000	9		Regulatory and Other	
					** TOTAL	
		.252000	9		Advances for construc	
					** TOTAL	
		.252100	9		Adv for Const-Non Tax	

Opt 1=Acct Ledger Inq 2=Acct Bal by Period F2=Alt Format F24=More MW

[09214] T/B by Object Account

Functions Options Tools Help

Object/Sub 241998 Thru Date/Period 12/10/04
 Subledger * Company 00000
 Ledger Type RA
 Scaling Factor
 Cum/Period(C/P) C

OP	Account Number	L D	Description	Balance
	120105.241998	9	Other Curr Liab Analy	1,358,055.38
	120205.241998	9	Other Curr Liab Analy	1,727,866.43-
			** TOTAL	369,831.05-
	.250000	9	Regulatory and Other	
			** TOTAL	
	.252000	9	Advances for construc	
			** TOTAL	
	.252100	9	Adv for Const-Non Tax	

Opt: 1=Acct Ledger Inq 2=Acct Bal by Period F2=Alt Format F24=More MW

 Rachel S. Cole
 Southeast Region
 Email: rcole@kawc.com
 Ph: 859-268-6307
 Fax: 859-335-3307

Mike Miller



Mike Miller
02/08/2005 02:37 PM

To: Rachel Cole/KAWC/AWWSC@AWW
cc: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
Subject: Re: KRA withdrawal fees

Please give me a call to help me understand this a little better. Do we have a potential write-off of liability to the income statement (much needed help to meeting the 2005 Plan)? Does the rate dept. need to have this on our list of items to handle? Should we be filing a revised tariff? or do we need to refund the overcharge to the customers? Look forward to discussing these points with you. Thanks.

Michael A. Miller
American Water Works Service Co.
P.O. Box 1906
Charleston, WV 25327
Office: 304-340-2009
Cell: 304-552-6419
Fax: 304-353-6332

Rachel Cole



Rachel Cole

02/08/2005 03:02 PM

To: Mike Miller/WVAWC/AWWSC
cc: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
Subject: Re: KRA withdrawal fees

Sorry, no potential help to the income statement. Ed Oxley previously reviewed-we discussed last year, and he said something about making sure that Roy Farrell was aware of the situation. I thought I sent emails to both.

In any case, there is a worksheet that calculates how much we need to adjust the tariff. I'm not sure if we need to file anything. We don't refund anything to the customers, just adjust the rate and let this balance fall back down.

Rachel S. Cole
Southeast Region
Email: rcole@kawc.com
Ph: 859-268-6307
Fax: 859-335-3307

----- Forwarded by Mike Miller/WVAWC/AWWSC on 02/09/2005 06:26 PM -----



Rachel Cole
02/09/2005 12:06 PM

To: Mike Miller
cc: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
Subject: Fw: KRA withdrawal fees

Just FYI, the 4th quarter billing for 2004 was \$119,000. I just received the bill and forwarded to SSC.

Rachel S. Cole
Southeast Region
Email: rcole@kawc.com
Ph: 859-268-6307
Fax: 859-335-3307



Mike Miller

02/09/2005 06:31 PM

To: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
cc: Rachel Cole/KAWC/AWWSC@AWW, Sheila
Valentine/WVAWC/AWWSC@AWW, Bryan
Siler/KAWC/AWWSC@AWW, Christopher C
Subject: Fw: KRA withdrawal fees

Jeff, the Company has overcollected the KRA withdrawal fees from the tariff currently in effect. The SE Region rate department will correct this issue by recalculating the surcharge tariff to collect the proper amount for the 2005 fee adjusted downward to reimburse the customers for the overcollection that occurred in 2004 (very similar to the manner which purchased water surcharges are handled in VAWC). I will be working with Sheila, Rachel and Bryan over the next few days to correct and implement the proper tariff to take care of this matter. Hopefully this clears this matter from your docket, but if you have questions please let me know. Thanks as always for your help.

Michael A. Miller
American Water Works Service Co.
P.O. Box 1906
Charleston, WV 25327
Office: 304-340-2009
Cell: 304-552-6419
Fax: 304-353-6332



Bryan Siler
02/15/2005 04:35 PM

To: Sheila Valentine/WVAWC/AWWSC@AWW
cc:
Subject: Re: KRA Fee

No, JDE would include the Bus Dev. I didn't think this would include Owenton.

Bryan V. Siler
Financial Analyst
Kentucky American Water
2300 Richmond Road
Lexington, KY 40502
(859) 268-6350 Office
(859) 335-3350 Fax
bsiler@kawc.com

Sheila Valentine



Sheila Valentine
02/15/2005 04:31 PM

To: Bryan Siler/KAWC/AWWSC@AWW
cc:
Subject: Re: KRA Fee

Are these numbers what has been loaded in JDE as the budget??

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com
Bryan Siler



Bryan Siler
02/15/2005 03:50 PM

To: Sheila Valentine/WVAWC/AWWSC@AWW
cc:
Subject: Re: KRA Fee

Here is the 329 from the revenue calculation that does not include business development. Dillard will have to send the pumpage info because I don't have it in that format.

329.xls

Bryan V. Siler
Financial Analyst
Kentucky American Water
2300 Richmond Road
Lexington, KY 40502
(859) 268-6350 Office
(859) 335-3350 Fax

bsiler@kawc.com

Sheila Valentine



Sheila Valentine
02/15/2005 02:38 PM

To: Bryan Siler/KAWC/AWWSC@AWW
cc:
Subject: Re: KRA Fee

Do you have the forecasted pumpage for 2005?? Also do you have forecasted sales by customer class?
See the sales & pumpage tab on the KRA schedule you sent to me.

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com

Dillard Griffin
02/15/2005 05:32 PM

To: Sheila Valentine/WVAWC/AWWSC@AWW
cc:
Subject: Re: Fw: Forecasted Pumpage (KRS & RRS)



KRA Fee 1-2002.xls!Sheila here you go, I put the information on the spread sheet on the tab for KRA fees, I put them in column I because you had formulas in the other columns that you may want and I didn't want to mess them up.

Dillard Griffin
Operations Superintendent
Kentucky American Water
2300 Richmond Road
Lexington, KY 40502
859 268 6340 (office)
859 537 0739 (mobile)
859 268 6395 (fax)
Sheila Valentine



Sheila Valentine
02/15/2005 04:00 PM

To: Dillard Griffin/KAWC/AWWSC@AWW
cc:
Subject: Fw: Forecasted Pumpage (KRS & RRS)

I would need that pumpage info for 2005. Many Thanks!!

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com
----- Forwarded by Sheila Valentine/WVAWC/AWWSC on 02/15/2005 04:03 PM -----



Bryan Siler
02/15/2005 03:45 PM

To: Dillard Griffin/KAWC/AWWSC@AWW
cc: Sheila Valentine/WVAWC/AWWSC@AWW
Subject: Forecasted Pumpage (KRS & RRS)

Dillard,

Can you complete the pumpage section (sales & pumpage tab) in this file and return to Sheila with a copy to me.

Thanks....

KRA Fee 1-2002.xls

Bryan V. Siler
Financial Analyst
Kentucky American Water

Sheila Valentine

04/05/2005 11:32 AM

To: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW, Linda
Gutowski/SHARVCS/AWWSC@AWW
cc: Mike Miller/WVAWC/AWWSC@AWW
Subject: KY withdrawal fee - 2004 analysis

Attached is a schedule detailing the Kentucky Withdrawal Fee collections from the ORCOM report PRTTAXRGN in comparison with the totals in JDE. I compiled the information by month just to see the variance. What is odd is the ORCOM report shows more collections than that being interfaced through JDE. Also I could not get good information for 2003 since the interface from ORCOM did not begin until October 2003 so there is not a full year of PRTTAXRGN reports available. In any event this, as usual, does not make much sense to me since the ORCOM report and the interface into JDE should produce the same totals. I am not comfortable with what is going into this account, 241998, and cannot adjust the withdrawal tariff until we get this resolved. Any ideas??



KRA Detail 2004.xls

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com



Linda Gutowski

04/06/2005 10:49 AM

To: Sheila Valentine/WVAWC/AWWSC@AWW, Jeffrey F
Mulligan/SHARVCS/AWWSC@AWW

cc:

Subject: KRA Withdrawal

I took the largest month variance, 9/04, and ran the CISMCL2 from the CMD path. The is about a 40 page report of all the *Miscellaneous Adjustments by Revenue Code*. On page 2, it lists 21 accounts that were adjusted that affected Revenue Code L1998, the KRA Withdrawal Fee, and lowered that amount by the credits (and a few debits) applied to the accounts. For Sept, the amount was (\$338.27) so I am still missing (\$701.86). So, I ran the same report for August, and the amount for L1998 was (\$421.46) so I am only missing (\$146.38). Then I did it for Oct. I got (\$36.38) so I am missing (\$43.38). These are small amounts and Basil and I are racking our brains trying to think what else could be crediting this account. I ran a report on Fixed Charges and as you would expect, they contributed nothing to KRA Withdrawal as that is a tax per CCF.

I think those CISMCL2 are still on my printer if you want me to send them to your printer, Sheila. And, do you want me to run the other 9 months and send them to you? Each one is about 40 pages. I have your printer listed as WVCRPP13 - if you want it somewhere else, let me know.

We are getting there. Just one more little leap.

Linda J. Gutowski, Rates
Shared Services Center
American Water Services
3906 Church Road
Mt. Laurel, NJ 08054
(856) 787-4810



Linda Gutowski
04/06/2005 04:28 PM

To: Sheila Valentine/WVAWC/AWWSC@AWW, Jeffrey F
Mulligan/SHARVCS/AWWSC@AWW
cc: Basil J D'Antonio/SHARVCS/AWWSC@AWW
Subject: KRA Withdrawal



KRA Sept. 2004.xls

Well, the good news is that the General Ledger for 120205.241998 contains only the KRA Withdrawal Taxes, and I suppose that further good news is that the lower amount is the "correct" amount of taxes.

The PRTTAXRGN is apparently telling you the amount of KRA taxes on the billed revenue. That amount is brought over to the G/L through the Sales Journal. The Sales Journal also has some credits and debits to 241998 with offsets to either Customer Accounts Receivables or to Accumulated Provision for Uncollectibles. I believe these small amounts of money are for charged off accounts since it is reducing the liability. These are minor amounts of money, usually less than \$0.10.

Also, the monthly Cash Receipts Journal can send (usually) credit amounts to 241998 for various similar items such as Accumulated Provision for Uncollectibles or Collection Agency Cash. These are usually small amounts of less than \$0.10.

Also, there can be Miscellaneous Adjustments to various customer accounts on CISMCL2 to refund amounts to customers for final bills, to adjust accounts, or any odd reason. The total for September was (\$338.27).

The attached file puts all this together and reconciles the amount of tax on the billed revenue to what is showing the in G/L. I have no idea how the amount of payment was derived as I got involved in this in the end. I sure hope this helps. Many thanks to Basil who finally reconciled the month of September and proved that the G/L was a good number.

Linda J. Gutowski, Rates
Shared Services Center
American Water Services
3906 Church Road
Mt. Laurel, NJ 08054
(856) 787-4810



Jeffrey F Mulligan
05/11/2005 11:05 AM

To: Sheila Valentine/WVAWC/AWWSC@AWW
cc:
Subject: Re: KRA fee 

I hope to get back to this issue by weeks end (had to complete Apr05 bs recs and bank stmnts) and have a resolution. I will keep you posted. Thanks for your patience and have a nice day.

Jeffrey Mulligan
AW Shared Services Center
3906 Church Rd.
Mt. Laurel, NJ 08054
(P) 856-787-4803
jmulligan@amwater.com
Sheila Valentine



Sheila Valentine
04/27/2005 09:11 AM

To: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
cc:
Subject: KRA fee

The JE that need reviewed are in yellow on the attached.



241998_Dec.xls

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com



Jeffrey F Mulligan
06/06/2005 09:18 AM

To: Sheila Valentine/WVAWC/AWWSC@AWW
cc:
Subject: Re: Ky withdrawal fee

Good Morning,

I am still working to resolve, are you available
sometime wednesday to help out with this issue. Let me know. Thanks.

Jeffrey Mulligan
AW Shared Services Center
3906 Church Rd.
Mt. Laurel, NJ 08054
(P) 856-787-4803
jmulligan@amwater.com
Sheila Valentine



Sheila Valentine
06/06/2005 09:13 AM

To: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
cc:
Subject: Ky withdrawal fee

Did you ever make any determination about the miscellaneous journal entries that hit the Ky withdrawal fee account back in 2002? We need to decide how we need to handle those. I need to get this tariff finalized. Just let me know.

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com



Jeffrey F Mulligan
08/10/2005 08:55 AM

To: Sheila Valentine/WVAWC/AWWSC@AWW
cc:
Subject: Re: Kentucky withdrawal fee

friday is good. call me when you are ready to go over.

Jeffrey Mulligan
AW Shared Services Center
3906 Church Rd.
Mt. Laurel, NJ 08054
(P) 856-787-4803
jmulligan@amwater.com
Sheila Valentine



Sheila Valentine
08/10/2005 08:53 AM

To: Jeffrey F Mulligan/SHARVCS/AWWSC@AWW
cc:
Subject: Kentucky withdrawal fee

When you get an opportunity we need to discuss the balance in the 241998 account for the Kentucky withdrawal fee and the miscellaneous adjustments that were made in 2002. I need to get this tariff prepared. I will be out of the office tomorrow but will be in on Friday. Can we discuss on Friday??

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com

~~-----~~ Sheila Valentine

11/18/2005 02:51 PM

To: Rachel Cole/KAWC/AWWSC@AWW
cc: Mike Miller/WVAWC/AWWSC@AWW
Subject: Kentucky Withdrawal Fee acct 241998

Per our discussion, attached are the reconciliation and detail of the 2002 journal entries. As you can see, some of these miscellaneous JE's may apply to this account while others do not. If you can query the Orcom system and get actual billings to compare to payments to the KRA, maybe we can make some sense out of this. As you pointed out, it may have been billed but the collections are another matter. Let me know what you think. I would like to get this account reconciled so we can get a new tariff issued. From looking at the collections vs. payments through 2005, it appears that we have over collected by a huge amount!!



KRA analys 2000 to 2004.xls 241998_Dec.xls

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com



Sheila Miller

03/08/2006 11:48 AM

To: Rachel Cole/KAWC/AWWSC@AWW, Bryan Siler/KAWC/AWWSC@AWW
cc: Mike Miller/WVAWC/AWWSC@AWW, Nick Rowe/KAWC/AWWSC@AWW, Christopher C Buls/PAWC/AWWSC@AWW
Subject: Fw: Kentucky Withdrawal Fee acct 241998

Below is an e-mail I send late last year regarding the balance in the collections for the Kentucky Withdrawal Fee. At the end of 2005 there was a balance of (\$729,289.39) in that account. It appears that we have over collected by a tremendous amount.

Mike received a call last night from Price Waterhouse regarding this very account. He committed to a deadline that this would be reconciled and a corrected tariff would be submitted. With that in mind I now have a deadline to get this tariff prepared.

In 2002 there were miscellaneous journal entries done to correct various things and I do not think that they all applied to the activity in this account. Prior to 2002 the withdrawal fee went to account 241249 and that was all that hit that account. Once Kentucky moved into the SSC the collections were merged into 241998 which is Other Current Liabilities Analyzed and I am not confident that only withdrawal fee collections and payments are applied there.

Some of the descriptions from the miscellaneous JE's refer to correct customer A/R, record NSF'S, correct current liability analyzed account. At the end of 2001 there was a balance of \$1,130.81. Miscellaneous je's in the amount of (\$144,842.05) were applied to this account in 2002. At the end of 2002 the balance had grown to (\$162,410,11) and each year it gets larger. The attachments below detail the activity in the various years but take a look at the 2002 tab and you can see the miscellaneous items.

It is imperative that someone verifies the activity in this account and can give me assurance that the balance is correct. If it is not, then corrections need made to get to the proper balance. I need this information by next Wednesday, March 15, in order to meet my deadline and get a correct tariff prepared and submitted.

Sheila Miller
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
Sheila.Miller@amwater.com

----- Forwarded by Sheila Miller/WVAWC/AWWSC on 03/08/2006 11:07 AM -----



Sheila Valentine

11/18/2005 02:51 PM

To: Rachel Cole/KAWC/AWWSC@AWW
cc: Mike Miller/WVAWC/AWWSC@AWW
Subject: Kentucky Withdrawal Fee acct 241998

Per our discussion, attached are the reconciliation and detail of the 2002 journal entries. As you can see, some of these miscellaneous JE's may apply to this account while others do not. If you can query the Orcom system and get actual billings to compare to payments to the KRA, maybe we can make some sense out of this. As you pointed out, it may have been billed but the collections are another matter. Let me know what you think. I would like to get this account reconciled so we can get a new tariff issued. From looking at the collections vs. payments through 2005, it appears that we have over collected by a huge amount!!



KRA analysis 2000 to 2004.xls 241998_Dec.xls

Sheila Valentine
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
svalenti@wvawater.com

 Sheila Miller
03/08/2006 01:14 PM

To: Bryan Siler/KAWC/AWWSC@AWW
cc:
Subject: Fw: KRA fee - adj for 2006

I noticed that Dillard asked you to send this to the KRA but I need it sent to my attention. Thanks!

Sheila Miller
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
Sheila.Miller@amwater.com

----- Forwarded by Sheila Miller/WVAWC/AWWSC on 03/08/2006 01:15 PM -----

Dillard Griffin
03/08/2006 12:43 PM

To: Sheila Miller/WVAWC/AWWSC@AWW
cc: Bryan Siler/KAWC/AWWSC@AWW
Subject: Fw: KRA fee - adj for 2006

Sheila, I updated the sheet with the 2006 budget, and have asked Bryan to input the sales figures. What I have put on the form is the budget for the low service pumpage. forgot to copy you on my first note.

Dillard Griffin
Operations Superintendent
Kentucky American Water
2300 Richmond Road
Lexington, KY 40502
859 268 6340 (office)
859 537 0739 (mobile)
859 268 6395 (fax)

----- Forwarded by Dillard Griffin/KAWC/AWWSC on 03/08/2006 12:42 PM -----

Dillard Griffin
03/08/2006 12:41 PM

To: Bryan Siler/KAWC/AWWSC@AWW
cc:
Subject: Fw: KRA fee - adj for 2006

Per the request from Ky river Authority, as shown below. I have input the 2006 budget for low service pumpage. However, they have a category of sales where it is broken out by types for residential, commercial and so on. Please input that information and forward to KRA. Note, they need this as quick



as possible KRA Fee 1-2006.xls

Dillard Griffin
Operations Superintendent
Kentucky American Water
2300 Richmond Road
Lexington, KY 40502
859 268 6340 (office)
859 537 0739 (mobile)
859 268 6395 (fax)

----- Forwarded by Dillard Griffin/KAWC/AWWSC on 03/08/2006 12:39 PM -----

 Sheila Miller
03/08/2006 12:29 PM

To: Dillard Griffin/KAWC/AWWSC@AWW
cc:

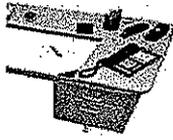
Subject: KRA fee - adj for 2006

Could you please complete the "sales & pumpage" tab on the attached file and return to my attention? I need the data forecasted for 2006 so I can submit a new tariff for the withdrawal fee. This is now an issue with Price Waterhouse and there are some questions regarding the collections to date - actually overcollected- and Mike has committed to a strict deadline to get this done. I need this data as quickly as possible. I apologize for the short notice but I was just given the deadline myself.



KRA Fee 1-2006.xls

Sheila Miller
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
Sheila.Miller@amwater.com



Rachel Cole
03/08/2006 01:51 PM

To: Sheila Miller/WVAWC/AWWSC@AWW
cc: Bryan Siler/KAWC/AWWSC@AWW, Christopher C
Buls/PAWC/AWWSC@AWW, Mike Miller/WVAWC/AWWSC@AWW,
Nick Rowe/KAWC/AWWSC@AWW
Subject: Re: Fw: Kentucky Withdrawal Fee acct 241998

Hi Sheila,

Regarding the 2002 miscellaneous transactions, here are my recommendations:

(27,407.47) Corr JE 2-30017152	probably legitimate withdrawal fee collection-will verify
(49,342.01) Corr customer A/R	probably legitimate withdrawal fee collection-will verify
685.79 Record NSF's	need backup, but they probably belong to sewer and landfill
3,033.82 Record NSF's	need backup, but they probably belong to sewer and landfill
135.41 Record NSF's	need backup, but they probably belong to sewer and landfill
155.05 Record NSF's	need backup, but they probably belong to sewer and landfill
379.19 Record NSF's	need backup, but they probably belong to sewer and landfill
94.50 Record NSF's	need backup, but they probably belong to sewer and landfill
(77,565.95) Corr 241246 account	probably legitimate withdrawal fee collection-will verify
(10.38) Corr cust a/r	need backup, but they probably belong to sewer and landfill
5,000.00 Donaldson, Lufkin & Jenrette -	probably ok because the balance of West Scott County Bonds was transferred to this acct in Jan 2002.
<u>(144,842.05)</u>	

- The large credits, (\$154,315.43) can be verified by query. I will ask Donna Taylor to give me the withdrawal fees for each month in 2002. Since I believe most of it this variance is valid, I would proceed with the calculation of the tariff.
- To determine where the smaller amounts will go, I will need the support for the journal entry which is somewhere in storage.
- I believe the \$5,000.00 entry is valid, but will need to trace the payment to Donaldson Lufkin & Jenrette. If this was a Scott County Bond, then it's valid. I believe the balance in the old environment was transferred to this account in 01/2002. (see print screen below)

[09200] Account Ledger Inquiry

Functions Options Tools Help

Account: 3120200:248235 From Date/Period: 01/01/99
 Thru Date/Period: 12/31/01
 Contr Liab Prop Purchase Pay Ledger Type: AA
 Skip to Doc/Type: Subledger: *
 Y-T-D Period End:
 Cumul Period End: 5,000.00-

Additional Selections Exist

DT	Document	Date	Explanation	Debit	Credit	P
PV	12994	11/12/99	THE BANK OF NEW YO	5,000.00		P
PV	12993	11/12/99	THE BANK OF NEW YO	5,000.00		P
PV	15423	01/13/00	NATIONAL CITY BANK	20,000.00		P
PV	24857	09/28/00	THE DEPOSITORY TRU	35,000.00		P
				65,000.00		
			Ledger Total	65,000.00		
			Unposted Total			

Opt 1/2=Orig Entry 5=Details F21=Prt Ledg F17=Top F18=Totals F24=More MW



Rachel Cole
03/08/2006 02:15 PM

To: Sheila Miller/WVAWC/AWWSC@AWW
cc: Bryan Siler
Subject: withdrawal fees

Hi Sheila,

Keep in mind the current balance is \$549871.25 which includes withdrawal fee collections for 1st quarter 2006. We have over collected, but not the \$729,000 balance at year end 2005. Still, it is probably over collected by \$400,000.

[09214] T/B by Object Account				
Functions Options Tools Help				
Object/Sub		241998	Thru Date/Period	03/24/06
Subledger		*	Company	00000
			Ledger Type	AA
			Scaling Factor	
			Cum/Period(C/P)	C
O	Account Number	L	Description	Balance
P		D		
	120105.241998	9	Other Curr Liab Analy	188,476.47-
	120205.241998	9	Other Curr Liab Analy	362,483.89-
	123005.241998	9	Other Curr Liab Analy	1.39
	123201.241998	9	Other Curr Liab Analy	1,408.86
	123205.241998	9	Other Curr Liab Analy	321.14-
			** TOTAL	549,871.25-
	.250000	9	Regulatory and Other	
			** TOTAL	
	.252000	9	Advances for construc	

Opt: 1=Acct Ledger Inq 2=Acct Bal by Period F2=Alt Format F24=More MW

Rachel S. Cole
Southeast Region
Email: rcole@kawc.com
Ph: 859-268-6307
Fax: 859-335-3307



Mike Miller

03/08/2006 03:01 PM

To: svalenti@wvawater.com

cc:

Subject: Fw: Kentucky Withdrawal Fee acct 241998

Get back to her and tell her not good enough we need verification of the actual number and confirmation to such by someone in KAW. Let her know you need her to do the necessary work and queries to confirm the correct number.

Michael A. Miller
American Water Works Service Co.
P.O. Box 1906
Charleston, WV 25327
Office: 304-340-2009
Cell: 304-552-6419
Fax: 304-353-6332

----- Forwarded by Mike Miller/WVAWC/AWWSC on 03/08/2006 03:00 PM -----

Rachel Cole

03/08/2006 01:51 PM To: Sheila Miller/WVAWC/AWWSC@AWW
cc: Bryan Siler/KAWC/AWWSC@AWW, Christopher C Buils/PAWC/AWWSC@AWW, Mike Miller/WVAWC/AWWSC@AWW, Nick Rowe/KAWC/AWWSC@AWW
Subject: Re: Fw: Kentucky Withdrawal Fee acct 241998 [Link](#)

Hi Sheila,

Regarding the 2002 miscellaneous transactions, here are my recommendations:

(27,407.47) Corr JE 2-30017152	probably legitimate withdrawal fee collection-will verify
(49,342.01) Corr customer AVR	probably legitimate withdrawal fee collection-will verify
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3,033.82 Record NSF's	need backup, but they probably belong to sewer and landfill
135.41 Record NSF's	need backup, but they probably belong to sewer and landfill
155.05 Record NSF's	need backup, but they probably belong to sewer and landfill
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94.50 Record NSF's	need backup, but they probably belong to sewer and landfill
(77,565.95) Corr 241246 account	probably legitimate withdrawal fee collection-will verify
(10.38) Corr cust a/r	need backup, but they probably belong to sewer and landfill
5,000.00 Donaldson, Lufkin & Jenrette -	probably ok because the balance of West Scdt County Bonds was transferred to this acct in Jan 2002.

(144,842.05)

- The large credits, (\$154,315.43) can be verified by query. I will ask Donna Taylor to give me the withdrawal fees for each month in 2002. Since I believe most of it this variance is valid, I would proceed with the calculation of the tariff.
- To determine where the smaller amounts will go, I will need the support for the journal entry which is somewhere in storage.
- I believe the \$5,000.00 entry is valid, but will need to trace the payment to Donaldson Lufkin & Jenrette. If this was a Scott County Bond, then it's valid. I believe the balance in the old environment was transferred to this account in 01/2002. (see print screen below)



Rachel Cole
03/08/2006 03:34 PM

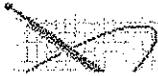
To: Sheila Miller/WVAWC/AWWSC@AWW
cc:
Subject: Fw: 2002 Withdrawal Fee - KY.xls

Hi Sheila,

I see 2 of the 3 big credits on Donna's query. The third number is very close-off by 177.48. Don't ask me where it went.... The other debits, do we need to get by March 15? It may take longer than that to retrieve backups from storage. I know SSC may have it offsite also.

Rachel S. Cole
Southeast Region
Email: rcole@kawc.com
Ph: 859-268-6307
Fax: 859-335-3307

----- Forwarded by Rachel Cole/KAWC/AWWSC on 03/08/2006 03:33 PM -----



Donna Taylor
03/08/2006 03:25 PM

To: Rachel Cole/KAWC/AWWSC@AWW
cc:
Subject: 2002 Withdrawal Fee - KY.xls



- 2002 Withdrawal Fee - KY.xls



Rachel Cole
03/08/2006 06:31 PM

To: Sheila Miller/WVAWC/AWWSC@AWW
cc: Mike Miller, Christopher C Buls/PAWC/AWWSC@AWW, Nick Rowe/KAWC/AWWSC@AWW, Bryan Siler
Subject: Fw: 2002 Withdrawal Fee - KY.xls

Per Donna Taylor's query below and the screen print below, I am confident that the amounts below are accurately reflected in the balance of account 241998. The remaining items totaling 1,437.21 will be researched and adjusted out of the account once I find supporting documentation.

(27,407.47) withdrawal fee
(49,342.01) withdrawal fee
(74,529.78) withdrawal fee
5,000.00 West Scott County Bond
(146,279.26)

2002 - Withdrawal Fee

Month	Count	Water Amount	Withdrawal Fee	G/L	Variance
01	112,250	4,215,892.12	77,565.95		
02	99,863	2,132,327.76	27,407.47	27407.47	-
03	200,911	3,001,823.84	48,859.86		
04	106,169	3,037,888.91	49,164.53	49342.01	(177.48)
05	106,947	3,282,982.77	55,173.68		
06	107,497	3,627,694.18	63,726.28		
07	107,975	4,042,682.69	74,529.78	74529.78	-
08	109,143	4,416,672.74	84,158.73		
09	108,403	4,240,160.57	79,320.28		
10	110,343	3,865,591.60	70,342.20		
11	108,417	3,361,512.68	56,675.21		
12	108,095	3,207,642.07	52,728.80		
Total	1,386,013	42,432,871.93	739,652.77	151,279.26	(177.48)



Bryan Siler

03/10/2006 10:34 AM

To: Sheila Miller/WVAWC/AWWSC@AWW

cc:

Subject: Re: water sales for Kentucky 2006

From the revenue template - thought there was one on the WVa server...



KY Water Sales 2006.xls

Bryan V. Siler
Southeast Region
(859) 268-6350 Office
(859) 335-3350 Fax
bsiler@kawc.com

Sheila Miller



Sheila Miller

03/10/2006 10:27 AM

To: Bryan Siler/KAWC/AWWSC@AWW

cc:

Subject: water sales for Kentucky 2006

Do you have a file somewhere that shows the budgeted water sales for Kentucky for 2006 by classification? I looked on the W:\drive but the 329 in the budget file does not list the sales. I need these numbers to complete the tariff for the withdrawal fee. Let me know if it is on the system somewhere that I can get to. Thanks Bryan!

Sheila Miller
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
Sheila.Miller@amwater.com



Rachel Cole
03/10/2006 05:14 PM

To: Sheila Miller/WVAWC/AWWSC@AWW
cc: Bryan Siler/KAWC/AWWSC@AWW
Subject: Re: KRA fee

It definitely applies to Owenton, but I'm not sure about Tri-Village and Elk Lake.

Rachel S. Cole
Southeast Region
Email: rcole@kawc.com
Ph: 859-268-6307
Fax: 859-335-3307

Sheila Miller



Sheila Miller
03/10/2006 04:09 PM

To: Bryan Siler/KAWC/AWWSC@AWW, Rachel Cole/KAWC/AWWSC@AWW
cc:
Subject: KRA fee

Sorry to keep bothering you but is the KRA withdrawal fee applicable to all areas in Kentucky including Tri Village, Elk Lake, and Owenton??

Sheila Miller
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
Sheila.Miller@amwater.com



Rachel Cole
03/15/2006 10:35 AM

To: Sheila Miller/WVAWC/AWWSC@AWW
cc:
Subject: Re: KRA Withdrawal fee [1]

I haven't had a chance to get to the storage area and look for the box of journal entries. I looked in the electronic files and didn't see any backups.

I've looked through my files in the office and can't find any journal entries. That was our first year at SSC and I'm not sure why I can't find that stuff, but it may be in our storage area.

Rachel S. Cole
Southeast Region
Email: rcole@kawc.com
Ph: 859-268-6307
Fax: 859-335-3307

Sheila Miller



Sheila Miller
03/15/2006 10:07 AM

To: Rachel Cole/KAWC/AWWSC@AWW
cc:
Subject: KRA Withdrawal fee

Have you been able to research the miscellaneous JE yet? I have to meet with Mike later this morning and I am sure this will be a topic. Let me know what you find out.

Sheila Miller
Senior Financial Analyst
American Water Works Service Company
Southeast Region
PO Box 1906
Charleston, WV 25327-1906
phone: (304)353-6317
fax: (304)353-6332
Sheila.Miller@amwater.com



Susan L Lancho
05/22/2006 09:50 AM

To: Gina C Teague-Mancillas/CONSULT/AWWSC@AWW
cc: Pat Ballard/KAWC/AWWSC@AWW, Sheila Miller/WVAWC/AWWSC@AWW, Valeria C Swope/ADMIN/CORP/AWWSC@AWW
Subject: Re: Fw: Tariff Sheets to be added to website - Ky website

Gina, please replace the pdfs below with these, which have been renamed to be more customer-friendly. Also, please add the following text:

Kentucky River Authority (KRA) Fee

The fees charged for water withdrawn from the Kentucky River are set by the Kentucky River Authority. The Kentucky River Authority (KRA) charges Kentucky American Water and all other water providers for the water these providers withdraw from the river.

Kentucky American Water's fee is based on actual measured withdrawals from the river and Jacobson Reservoir. Kentucky American Water prepares a projection of total water use divided by customer water sales, which is used to arrive at the amount of the KRA surcharge. It is an inexact science because we cannot precisely anticipate how much we will be charged by the authority since our use of water from the river and reservoir varies due to weather, river flows, etc. Similarly, our best estimate of customer water use will differ from actual customer use. That is why there is annual true-up mechanism in place. Kentucky American Water is authorized by the Kentucky Public Service Commission to make adjustments to "true-up" the cost for water and pass it on to the customer as either a charge or a credit.



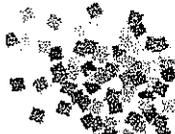
Sheet 55.1 KRA Fee (proposed).pdf



Kentucky River Authority Fee Calculation Sheet.pdf

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Susan Lancho  
Communications Manager  
American Water, Southeast Region - KY/TN  
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susan.lancho@amwater.com

Gina C Teague-Mancillas



Gina C  
Teague-Mancillas  
05/18/2006 02:18 PM

To: Susan L Lancho/KAWC/AWWSC@AWW  
cc: Pat Ballard/KAWC/AWWSC@AWW, Sheila Miller/WVAWC/AWWSC@AWW, Valeria C Swope/ADMIN/CORP/AWWSC@AWW  
Subject: Re: Fw: Tariff Sheets to be added to website

Susan,

The tariff sheets have been posted to the site, and are now published and visible. I named the links what was the title on the page itself, but if they should be named something else, let me know.

Thanks,  
Gina

[http://www.amwater.com/awpr1/kyaw/customer\\_service/rates/rates\\_schedules/page5125.html](http://www.amwater.com/awpr1/kyaw/customer_service/rates/rates_schedules/page5125.html)

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Gina Teague Mancillas  
American Water  
Associate Communications Specialist  
(856) 309-4512



Gina C  
Teague-Mancillas

05/22/2006 10:17 AM

To: Susan L Lancho/KAWC/AWWSC@AWW  
cc: Pat Ballard/KAWC/AWWSC@AWW, Sheila  
Miller/WVAWC/AWWSC@AWW, Valeria C  
Swope/ADMIN/CORP/AWWSC@AWW  
Subject: Re: Fw: Tariff Sheets to be added to website - Ky website

Susan

The site has been updated and is now posted. Sorry for posting the tariffs out there early.

Gina

[http://www.amwater.com/awpr1/kyaw/customer\\_service/rates/rates\\_schedules/page5125.html](http://www.amwater.com/awpr1/kyaw/customer_service/rates/rates_schedules/page5125.html)

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Gina Teague Mancillas  
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Associate Communications Specialist  
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**Rachel Cole**  
05/05/2006 03:41 PM

To: Nick Rowe/KAWC/AWWSC@AWW  
cc: Herb Miller/KAWC/AWWSC@AWW, Peggy  
Stone/KAWC/AWWSC@AWW  
Subject: Re: Action Req'd

answers in red below..

\*\*\*\*\*  
**Rachel S. Cole**  
Southeast Region  
Email: rcole@kawc.com  
Ph: 859-268-6307  
Fax: 859-335-3307

**Nick Rowe**

**Nick Rowe**  
Sent by: Peggy Stone  
05/05/2006 10:52 AM

To: Rachel Cole/KAWC/AWWSC@AWW  
cc: Herb Miller/KAWC/AWWSC@AWW  
Subject: Action Req'd

I would like to know.....

- how much do we collect in our annual KRA fee (from JDE 241998) we collect less because of charge offs ....

we billed in:  
 2004 690,688.30  
 2005 746,425.00

\*\*\*\*\*

**Nick O. Rowe**  
Regional Vice President  
Service Delivery - Operations  
American Water  
800 West Hershey Park Drive  
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T: 717 531 3370 (PA)  
859 268 6333 (KY)  
F: 717 531 3314 (PA)

**Nick Rowe**  
05/13/2006 06:42 PM

To: Mike Miller, Sheila Miller/WVAWC/AWWSC@AWW  
cc:  
Subject: Fw: KRA Charges

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--- Forwarded by Nick Rowe/KAWC/AWWSC on 05/13/2006 06:44 PM ---

**John S Young**  
05/12/2006 01:50 PM

To: Daniel W Warnock/PAWC/AWWSC@AWW , Christopher C  
Buls/PAWC/AWWSC@AWW , Nick Rowe/KAWC/AWWSC@AWW  
cc:  
Subject: KRA Charges

Please be prepared to discuss the KRA overbilling issue at our BPR on Tuesday. Our discussion will include how this issue was handled in the last rate case and the impact of the overbilling on the franchise fee. We need to adequately resolve this issue next week before Don goes to Kentucky the following week.  
Thanks

**John S. Young, Jr.**  
Chief Operating Officer  
American Water  
1025 Laurel Oak Road  
Voorhees, NJ 08043  
Phone: 856-346-8250 Fax: 856-346-8229



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2006-00154**  
**PUBLIC SERVICE COMMISSION DATA REQUEST No. 2**  
**ITEMS 1-13**

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Witness Responsible:

Michael A. Miller

10. Refer to Kentucky-American's Fifth Revised Tariff Sheet No. 55.1.
  - a. Define "immaterial" as the term is used in the tariff sheet.
  - b. State whether the tariff required Kentucky-American to make annual adjustments to the Kentucky River Authority Withdrawal Fee.

Response:

- a. The tariff did not define "immaterial", but the intent was to let small variances in collections related to estimated sales and withdrawals (basis for fees) subject to fluctuations related to weather or customer usage patterns self-correct. The over-collection in this instance is not considered immaterial by KAWC.
- b. The tariff contemplates an annual adjustment unless it is immaterial.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2006-00154**  
**PUBLIC SERVICE COMMISSION DATA REQUEST No. 2**  
**ITEMS 1-13**

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Witness Responsible:

Michael A. Miller

11. State, for each year, beginning with January 1, 2002, whether an annual adjustment to the Kentucky River Authority Withdrawal Fee to reflect any over or under collection of Kentucky River Authority fees. For each of those years for which an adjustment was required, state why Kentucky-American failed to submit an adjustment.

Response:

2002 – No. Due to change in rate department and personnel, filing not on “to do” list. Over-collection was \$18,699, likely immaterial.

2003 – No. Same response as 2002 above. Over collection was \$87,665, tariff should have been adjusted.

2004 – No. Same response as 2002 above. Over collection was \$119,756, tariff should have been adjusted.

2005 – No. Difficulties in reconciling the collections to fees paid. Over collection was \$172,061, tariff adjustment was filed in 2006.

2006 – KAWC has filed the appropriate tariff to self-correct the KRA fee but has not implemented the tariff due to the ongoing discovery in this case.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2006-00154**  
**PUBLIC SERVICE COMMISSION DATA REQUEST No. 2**  
**ITEMS 1-13**

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Witness Responsible:

Michael A. Miller

12. State why Kentucky-American failed to mention the over-recovery in its cover letter to its proposed tariff revision.

Response:

The intent of the cover letter was to convey what is contained in the filing. KAWC did not believe the cover letter's purpose was to fully describe all aspects of the filing.



**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2006-00154**  
**PUBLIC SERVICE COMMISSION DATA REQUEST No. 2**  
**ITEMS 1-13**

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Witness Responsible:

Michael A. Miller

13. State why Kentucky-American should not be required to pay interest on any over-recovery that was not adjusted in the following year.

Response:

The tariff did not contemplate interest on over or under recovery to the customer or Company. KAWC regrets the error it has made, but the total over collection amounts to less than \$6 per customer based on the average number of customers. The amount of interest per customer would be minimal and it would be difficult to justify the costly programming required to calculate the appropriate interest amount on a per customer basis, if the programming could be accomplished at all.

To calculate the applicable interest would require extensive programming to load the appropriate KRA fee for each year, determine the difference in corrected billing to actual billing, and then calculate the interest applicable by customer for each year. Because the collections each year are based on estimated fees and units of sales for the upcoming year, it would be extremely difficult, if possible at all, to recreate the corrected billing by customer for each year in order to properly calculate the amount of interest. No program exists to perform these calculations to determine the appropriate interest and is difficult for the Company to understand how the cost of such program (if possible) could be justified given the minor interest on a per customer basis.